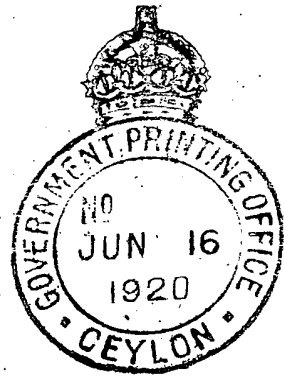


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Ceylon Government Gazette

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Part I.—General.

Separate paging is given to each Part in order that it may be filed separately.

GOVERNMENT NOTIFICATION.

“THE TREATY OF PEACE (ENFORCEMENT) ORDINANCE, No. 7 OF 1920.”

IT is hereby notified that a Clearing Office under the control and management of the Custodian of Enemy Property has been established in accordance with the provisions of section 2 of Ordinance No. 7 of 1920.

Colonial Secretary's Office,
Colombo, June 9, 1920.

By His Excellency's command,

B. HORSBURGH,
Acting Colonial Secretary.

CLEARING OFFICE NOTIFICATION.

In terms of section 2 of Ordinance No. 7 of 1920, it is hereby notified that a Local Clearing Office for enemy debts has been established under the management of the Custodian of Enemy Property as Controller.

The following instructions are published for the information of enemy creditors and debtors :—

1. British nationals residing or carrying on business in Ceylon and having claims against German subjects residing in Germany or corporations incorporated in accordance with German law and resident in Germany are required to forward proof of their claims on the Form “A” in the annexed Schedule I. to the Controller of the Local Clearing Office for enemy debts. A separate proof of claim on Form “A” must be made in respect of each enemy debt.

N.B.—The material date of residence of debtor and creditor is the day on which the Treaty of Peace was ratified (January 10, 1920), and not the date when the debt became payable. German territory, therefore, is that defined by the Treaty of Peace, and claims cannot be preferred through the Clearing Office against residents in those parts of the German Empire which were detached from it by the terms of the Treaty.

2. It is essential that detailed particulars with dates and items complete should be endorsed on the back of the Form “A” or attached thereto as an exhibit.

3. If, however, detailed invoices had been delivered prior to the war, the date and the amount of each of such invoices need only be stated.

4. Three additional copies of the account so endorsed or attached must accompany the claim on the Form “A” when sent in to the Local Clearing Office.

5. In all communications to the Controller of the Local Clearing Office it is particularly requested that the reference number at the head of the Form “A” and also the name of the German national concerned should be quoted.

6. Only the capital sums due to creditors at the outbreak of war, or, if the debt became payable at a later date, at the date when it became due, should be included, as it is for the German Clearing Office to calculate the interest thereon. This must necessarily be so, for the date, to which interest is chargeable, cannot be known to the creditor in advance, and is

determined by the date of its admission by the German Office. If, however, the rate of interest, to which the creditor is entitled, is, by contract, law, or custom, greater or less than the 5 per cent. allowed by the Treaty, a note to that effect should be made on the claim submitted on the Form "A" and the three additional copies of the account.

7. The pre-war rate of exchange laid down in paragraph 4 (d) of Article 296 (see Schedule II. annexed) for conversion of German into British currency and *vice versa* is Marks 20·5075 equals £1. The same rate for conversion of German into Ceylon currency is Marks 136·75 equals Rs. 100.

8. In cases where accounts have been rendered in German currency, the claim must be stated in Ceylon currency at the rate mentioned in the preceding paragraph, and a note must be inserted on the account showing the details of conversion.

9. *Communication between Debtor and Creditor.*—Paragraph 4 (a) of Article 296 (see Schedule II. annexed) prohibits all communications between debtors and creditors with regard to the settlement of their debts, except through the Clearing Office. In many cases, however, it will be found that direct intercourse is necessary or desirable. The Treaty of Peace Order vests in the Clearing Office the right to allow such intercourse, but this right can only be exercised by agreement with the German Office. The matter is the subject of discussion with the German Controller designate, and it is hoped that an arrangement will be come to with him on the point. At present, therefore, permission to communicate for the purposes stated must be refused.

10. *Contra Account and Cross Claims.*—The question of "set off" in cases where British nationals are indebted to Germans and also have claims against other German nationals has been considered. It is clear that the ordinary rule of "set off" does not apply, as the amounts are not due to and from the same individuals. On receipt of claims by German nationals against them through the Clearing Office, British nationals are advised to forward to the Clearing Office, together with an admission of the debts due by them, a return in the following form:—

CONTRA ACCOUNT.

Schedule A.

Reference Number and Date of Clearing Office Notice of Debt.	Name of German Creditor.	Amount of Debt.	Interest.	Total.

Schedule B.

Reference Number and Date of Claim on Form A.	Name of German Debtor.	Amount of Debt.	Interest.	Total.

N.B.—Claims or copies of claims on Form "A" must be attached in support of Schedule B.

British nationals will not be required to pay admitted debts up to the amount of their cross claims, until such cross claims have been ultimately rejected by the German Clearing Office.

In the final adjustment of these accounts British creditors will be debited with the 2½ per cent. commission provided for by section 1 (vi.) of the Treaty of Peace Order in Council upon the full amounts of their claims against German nationals eventually admitted or found due irrespective of their debts to German nationals.

11. *Cash Discounts.*—Where under the terms of the contract between debtor and creditor cash discount is allowed, it may be deducted by the debtor, and the Treaty interest will only run from the date when the account became nett.

12. *Companies.*—The nationality of a company is determined by the country in which it is incorporated; the nationality of the foreign branch of a company is that of the Head Office.

13. *Claims against Debtors not resident in Germany.*—Debts due by persons resident on January 10, 1920, in territory detached from Germany by the terms of the Treaty, for example, Alsace and Lorraine, the German Colonies, parts of East Prussia, &c., cannot be claimed through the Clearing Office. In such cases creditors are entitled to collect their debts direct from such debtors.

14. *Property of British Nationals in German Territory.*—Persons are entitled to recover their property (other than debts or cash assets) in enemy territory so far as the same has not been transferred to a purchaser.

15. *German State and Corporation Bonds.*—The capital value of shares, bonds, or other securities issued by the German State or German Corporations does not constitute a debt within Article 296 of the Treaty of Peace, unless such shares, bonds, or other securities fell due to be paid off prior to or during the war. The persons entitled to them continue to be the holders. The dividends on such bonds and securities are, however, within the provisions of Article 296, in so far as such dividends accrued due and became payable before or during the war, and the proof of claim may include all dividends of which the due date was before January 10, 1920.

16. *Life Policies.*—Overdue premiums on life policies do not constitute a debt, nor can the surrender value of policies, unless actually payable prior to January 10, 1920, be claimed through the Clearing Office.

17. *Commission.*—A commission of 2½ per cent. provided for by section 1 (vi.) of the Treaty of Peace Order in Council will be chargeable on all claims against German nationals eventually admitted or found due and will be deducted from repayments to British creditors.

18. All claims must be notified to the Clearing Office before July 22, 1920. If full particulars cannot be supplied by that date, provisional claims will be accepted to be substantiated later.

June 9, 1920.

E. B. ALEXANDER,
Custodian of Enemy Property and Controller of
Clearing Office for Enemy Debts.

This statutory declaration must be declared before a Justice of the Peace, Notary Public, or other officer by law authorized to administer an oath.

Schedule I.

Form 'A.

THE TREATY OF PEACE ORDER, 1919.

No. —.

Proof of Claim.

General Form.

(a) Here insert the full name and address of enemy debtor in enemy territory.

Re (a) —.

(b) Fill in full name, address, and occupation of declarant.

I (b), —, of —, solemnly and sincerely declare as follows:—

(c) This proof must be made by the creditor personally, or, in the case of a firm, by a partner, or, in the case of a company, by a Director, Secretary, or other responsible officer. If the proof is not made on behalf of a company, strike out (c).

(c) That I am duly authorized under the seal of the company hereinafter named to make the proof of claim on its behalf.

* Strike out the words not applicable.

That the above-mentioned debtor to the best of my knowledge and belief (*is and has/are and have) at all material times been German national resident in Germany.

(e) Insert "me," or, in case of a firm, "me and C. D. and E. F.," my co-partners trading "as," or if by agent of a company, insert name and address of company.

That* (the under-mentioned Creditor /I (is/are/am) British national resident in the United Kingdom.

NOTE.—In cases of a firm, the names of all the partners must be set out in full.

That the said debtor — w —, at the date of the declaration of war, viz., the 4th day of August, 1914, and still —, justly and truly indebted to (e) —, or since became so indebted by reason of an obligation incurred prior to such date, in

Debt	Rs.	:
Contra	Rs.	:
	Rs.	:

the sum of Rupees — for (f) — as shown by the* (account endorsed hereon/ account hereto annexed, marked "A"), for which sum or any part thereof I say that

NOTE THIS.
(f) State consideration (as Goods sold and delivered by me) (and my said partner) to him (or them) at his (or their) request between the dates of (or moneys advanced by me in respect of the under-mentioned Bill of Exchange), or as the case may be.

I have not nor hath (g) — or any person by (h) — order to my knowledge or belief for (h) — use had or received any manner of satisfaction or security whatsoever, save and except the following (i):—

(g) "My said partners or any of them or "the above-named creditor," as the case may be.

Date.	Drawer.	Acceptor.	Amount. Rs. c.	Due date.

(h) "My" or "our" or "their" or "his," as the case may be.

(i) Here state the particulars of all securities held, and where the securities are on the property of the debtor, assess the value of the same, and if any bills or other negotiable securities be held, specify them in the schedule.

And I make this declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1835.

N.B.—Bills or other negotiable securities or documents proving the claimant's title must be produced or their non-production accounted for to and allowed by the Controller before the proof can be admitted.

Declared at —, this — day of —, 19 —.

Note.—This Declaration must bear a Re. I Stamp.

Admitted for payment for Rs. this — day of —, 19 —.

Before me —

Controller of the Clearing Office.

(Declarant's Signature) —.

Rejected for Rs.

Controller of the Clearing Office.

The nature of an obligation in respect of which a claim may be preferred may be ascertained by reference to the Treaty of Peace Order in Council, 1919, and Article 296 of the Treaty of Peace scheduled thereto, which were published in the Ceylon Government Gazette of March 26, 1920. Particular attention is drawn to the provisions of such Order and Treaty relating to the penalties incurred by a person who prefers a false or excessive claim.

Particulars of Account referred to above.

(Credit should be given for Contra Accounts.)

If space below be insufficient, the particulars must be contained in a separate account to be annexed hereto, and marked by the person before whom the declaration is made, thus:—

"This is the Account marked with the letter 'A' referred to in the annexed Proof of Claim, made by —, declared before me this — day of —, 19 —."

(Signed) —.

Commissioner or Officer before whom Declaration is made.

Date.	Consideration.	Amount.		REMARKS. The Vouchers (if any) by which the Account can be substantiated should be set out in this Column.
		Rs.	c.	

(Signature of Declarant) —.

(Signature of Commissioner or Officer before whom Declaration is made) —.

YOU SHOULD ATTEND CAREFULLY TO THESE DIRECTIONS.

Schedule II.

SECTIONS III. TO VII. OF PART X. OF THE TREATY.

SECTION III.—DEBTS.

ARTICLE 296.

There shall be settled through the intervention of clearing offices to be established by each of the High Contracting Parties within three months of the notification referred to in paragraph (e) hereafter the following classes of pecuniary obligations :—

1. Debts payable before the war and due by a national of one of the Contracting Powers residing within its territory to a national of an Opposing Power residing within its territory.

2. Debts which became payable during the war to nationals of one Contracting Power residing within its territory and arose out of transactions or contracts with the nationals of an Opposing Power resident within its territory, of which the total or partial execution was suspended on account of the declaration of war.

3. Interest which has accrued due before and during the war to a national of one of the Contracting Powers in respect of securities issued by an Opposing Power, provided that the payment of interest on such securities to the nationals of that Power or to neutrals has not been suspended during the war.

4. Capital sums which have become payable before and during the war to nationals of one of the Contracting Powers in respect of securities issued by one of the Opposing Powers, provided that the payment of such capital sums to nationals of that Power or to neutrals has not been suspended during the war.

The proceeds of liquidation of enemy property, rights, and interests mentioned in Section IV. and in the Annex thereto will be accounted for through the Clearing Offices, in the currency and at the rate of exchange hereinafter provided in paragraph (d) and disposed of by them under the conditions provided by the said Section and Annex.

The settlements provided for in this Article shall be effected according to the following principles and in accordance with the Annex to this Section :—

(a) Each of the High Contracting Parties shall prohibit, as from the coming into force of the present Treaty, both the payment and the acceptance of payment of such debts, and also all communications between the interested parties with regard to the settlement of the said debts otherwise than through the clearing offices.

(b) Each of the High Contracting Parties shall be respectively responsible for the payment of such debts due by its nationals, except in the cases where before the war the debtor was in a state of bankruptcy or failure, or had given formal indication of insolvency, or where the debt was due by a company whose business has been liquidated under emergency legislation during the war. Nevertheless, debts due by the inhabitants of territory invaded or occupied by the enemy before the Armistice will not be guaranteed by the States of which those territories form part.

(c) The sums due to the nationals of one of the High Contracting Parties by the nationals of an Opposing State will be debited to the Clearing Office of the country of the debtor and paid to the creditor by the Clearing Office of the country of the creditor.

(d) Debts shall be paid or credited in the currency of such one of the Allied and Associated Powers, their colonies or protectorates, or the British Dominions or India, as may be concerned. If the debts are payable in some other currency, they shall be paid or credited in the currency of the country concerned, whether an Allied or Associated Power, Colony, Protectorate, British Dominion, or India, at the pre-war rate of exchange.

For the purpose of this provision the pre-war rate of exchange shall be defined as the average cable transfer rate prevailing in the Allied or Associated country concerned during the month immediately preceding the outbreak of war between the said country concerned and Germany.

If a contract provides for a fixed rate of exchange governing the conversion of the currency in which the debt is stated into the currency of the Allied or Associated country concerned, then the above provisions concerning the rate of exchange shall not apply.

In the case of new States, the currency in which and the rate of exchange at which debts shall be paid or credited shall be determined by the Reparation Commission provided for in Part VIII. (Reparation).

(e) The provisions of this Article and of the Annex hereto shall not apply as between Germany on the one hand and any one of the Allied and Associated Powers, their colonies or protectorates, or any one of the British Dominions or India on the other hand, unless within a period of one month from the deposit of the ratifications of the present Treaty by the Power in question, or of the ratification on behalf of such Dominion or of India, notice to that effect is given to Germany by the Government of such Allied or Associated Power or of such Dominion or of India, as the case may be.

(f) The Allied and Associated Powers who have adopted this Article and the Annex hereto may agree between themselves to apply them to their respective nationals established in their territory so far as regards matters between their nationals and German nationals. In this case the payments made by application of this provision will be subject to arrangements between the Allied and Associated Clearing Offices concerned.

ANNEX.

1. Each of the High Contracting Parties will, within three months from the notification provided for in Article 296, paragraph (e), establish a clearing office for the collection and payment of enemy debts.

Local clearing offices may be established for any particular portion of the territories of the High Contracting Parties. Such local clearing offices may perform all the functions of a central clearing office in their respective districts, except that all transactions with the Clearing Office in the Opposing State must be effected through the Central Clearing Office.

2. In this Annex the pecuniary obligations referred to in the first paragraph of Article 296 are described as "enemy debts," the persons from whom the same are due as "enemy debtors," the persons to whom they are due as "enemy creditors," the Clearing Office in the country of the creditor is called the "Creditor Clearing Office," and the Clearing Office in the country of the debtor is called the "Debtor Clearing Office."

3. The High Contracting Parties will subject contraventions of paragraph (a) of Article 296 to the same penalties as are at present provided by their legislation for trading with the enemy. They will similarly prohibit within their territory all legal process relating to payment of enemy debts, except in accordance with the provisions of this Annex.

4. The Government guarantee specified in paragraph (b) of Article 296 shall take effect whenever, for any reason, a debt shall not be recoverable, except in a case where at the date of the outbreak of war the debt was barred by the laws of prescription in force in the country of the debtor, or where the debtor was at that time in a state of bankruptcy or failure or had given formal indication of insolvency, or where the debt was due by a company whose business had been liquidated under emergency legislation during the war. In such case the procedure specified by this Annex shall apply to payment of the debts.

The terms "bankruptcy" and "failure" refer to the application of legislation providing for such juridical conditions. The expression "formal indication of insolvency" bears the same meaning as it has in English law.

5. Creditors shall give notice to the Creditor Clearing Office within six months of its establishment of debts due to them, and shall furnish the Clearing Office with any documents and information required of them.

The High Contracting Parties will take all suitable measures to trace and punish collusion between enemy creditors and debtors. The Clearing Offices will communicate to one another any evidence and information which might help the discovery and punishment of such collusion.

The High Contracting Parties will facilitate as much as possible postal and telegraphic communication at the expense of the parties concerned and through the intervention of the Clearing Offices between debtors and creditors desirous of coming to an agreement as to the amount of their debt.

The Creditor Clearing Office will notify the Debtor Clearing Office of all debts declared to it. The Debtor Clearing Office will in due course inform the Creditor Clearing Office which debts are admitted and which debts are contested. In the latter case, the Debtor Clearing Office will give the grounds for the non-admission of debt.

6. When a debt has been admitted in whole or in part, the Debtor Clearing Office will at once credit the Creditor Clearing Office with the amount admitted, and at the same time notify it of such credit.

7. The debt shall be deemed to be admitted in full and shall be credited forthwith to the Creditor Clearing Office unless within three months from the receipt of the notification or such longer time as may be agreed to by the Creditor Clearing Office notice has been given by the Debtor Clearing Office that it is not admitted.

8. When the whole or part of a debt is not admitted the two Clearing Offices will examine into the matter jointly and will endeavour to bring the parties to an agreement.

9. The Creditor Clearing Office will pay to the individual creditor the sums credited to it out of the funds placed at its disposal by the Government of its country and in accordance with the conditions fixed by the said Government, retaining any sums considered necessary to cover risks, expenses, or commissions.

10. Any person having claimed payment of an enemy debt which is not admitted in whole or in part shall pay to the clearing office, by way of fine, interest at 5 per cent. on the part not admitted. Any person having unduly refused to admit the whole or part of a debt claimed from him shall pay, by way of fine, interest at 5 per cent. on the amount with regard to which his refusal shall be disallowed.

Such interest shall run from the date of expiration of the period provided for in paragraph 7 until the date on which the claim shall have been disallowed or the debt paid.

Each Clearing Office shall, in so far as it is concerned, take steps to collect the fines above provided for, and will be responsible if such fines cannot be collected.

The fines will be credited to the other Clearing Office, which shall retain them as contribution towards the cost of carrying out the present provisions.

11. The balance between the Clearing Offices shall be struck monthly, and the credit balance paid in cash by the debtor State within a week.

Nevertheless, any credit balances which may be due by one or more of the Allied and Associated Powers shall be retained until complete payment shall have been effected of the sums due to the Allied or Associated Powers or their nationals on account of the war.

12. To facilitate discussion between the Clearing Offices, each of them shall have a representative at the place where the other is established.

13. Except for special reasons, all discussions in regard to claims will, so far as possible, take place at the Debtor Clearing Office.

14. In conformity with Article 296, paragraph (b), the High Contracting Parties are responsible for the payment of the enemy debts owing by their nationals.

The Debtor Clearing Office will therefore credit the Creditor Clearing Office with all debts admitted, even in case of inability to collect them from the individual debtor. The Governments concerned will, nevertheless, invest their respective Clearing Offices with all necessary powers for the recovery of debts which have been admitted.

As an exception, the admitted debts owing by persons having suffered injury from acts of war shall only be credited to the Creditor Clearing Office, when the compensation due to the person concerned in respect of such injury shall have been paid.

15. Each Government will defray the expenses of the Clearing Office set up in its territory, including the salaries of the staff.

16. Where the two Clearing Offices are unable to agree whether a debt claimed is due, or in case of a difference between an enemy debtor and an enemy creditor or between the Clearing Offices, the dispute shall either be referred to arbitration if the parties so agree under conditions fixed by agreement between them, or referred to the Mixed Arbitral Tribunal provided for in Section VI. hereafter.

At the request of the Creditor Clearing Office the dispute may, however, be submitted to the jurisdiction of the courts of the place of domicile of the debtor.

17. Recovery of sums found by the Mixed Arbitral Tribunal, the Court, or the Arbitration Tribunal to be due shall be effected through the Clearing Offices as if these sums were debts admitted by the Debtor Clearing Office.

18. Each of the Governments concerned shall appoint an agent who will be responsible for the presentation to the Mixed Arbitral Tribunal of the cases conducted on behalf of its Clearing Office. This agent will exercise a general control over the representatives or counsel employed by its nationals.

Decisions will be arrived at on documentary evidence, but it will be open to the Tribunal to hear the parties in person, or according to their preference by their representatives approved by the two Governments, or by the agent referred to above, who shall be competent to intervene along with the party or to re-open and maintain a claim abandoned by the same.

19. The Clearing Offices concerned will lay before the Mixed Arbitral Tribunal all the information and documents in their possession, so as to enable the Tribunal to decide rapidly on the cases which are brought before it.

20. Where one of the parties concerned appeals against the joint decision of the two Clearing Offices, he shall make a deposit against the costs, which deposit shall only be refunded when the first judgment is modified in favour of the appellant and in proportion to the success he may attain, his opponent in case of such a refund being required to pay an equivalent proportion of the costs and expenses. Security accepted by the Tribunal may be substituted for a deposit.

A fee of 5 per cent. of the amount in dispute shall be charged in respect of all cases brought before the Tribunal. This fee shall, unless the Tribunal directs otherwise, be borne by the unsuccessful party. Such fee shall be added to the deposit referred to. It is also independent of the security.

The Tribunal may award to one of the parties a sum in respect of the expenses of the proceedings.

Any sum payable under this paragraph shall be credited to the Clearing Office of the successful party as a separate item.

21. With a view to the rapid settlement of claims, due regard shall be paid in the appointment of all persons connected with the Clearing Offices or with the Mixed Arbitral Tribunal to their knowledge of the language of the other country concerned. Each of the Clearing Offices will be at liberty to correspond with the other and to forward documents in its own language.

22. Subject to any special agreement to the contrary between the Governments concerned, debts shall carry interest in accordance with the following provisions :—

Interest shall not be payable on sums of money due by way of dividend, interest, or other periodical payments which themselves represent interest on capital.

The rate of interest shall be 5 per cent. per annum, except in cases where, by contract, law, or custom, the creditor is entitled to payment of interest at a different rate. In such cases the rate to which he is entitled shall prevail.

Interest shall run from the date of commencement of hostilities (or, if the sum of money to be recovered fell due during the war, from the date at which it fell due) until the sum is credited to the Clearing Office of the creditor.

Sums due by way of interest shall be treated as debts admitted by the Clearing Offices, and shall be credited to the Creditor Clearing Office in the same way as such debts.

23. Where by decision of the Clearing Offices or the Mixed Arbitral Tribunal a claim is held not to fall within Article 296, the creditor shall be at liberty to prosecute the claim before the Courts or to take such other proceedings as may be open to him.

The presentation of a claim to the Clearing Office suspends the operation of any period of prescription.

24. The High Contracting Parties agree to regard the decisions of the Mixed Arbitral Tribunal as final and conclusive, and to render them binding upon their nationals.

25. In any case where a Creditor Clearing Office declines to notify a claim to the Debtor Clearing Office, or to take any step provided for in this Annex, intended to make effective in whole or in part a request of which it has received due notice, the enemy creditor shall be entitled to receive from the Clearing Office a certificate setting out the amount of the claim, and shall then be entitled to prosecute the claim before the Courts or to take such other proceedings as may be open to him.